

Royal Canadian Mounted Police Telemarketing Alert Project Colt - Montreal, Quebec

Project Colt, a police task force made up of Canadian and American Law Enforcement agencies, investigating fraudulent telemarketing in Montreal, Canada is sending an ALERT WARNING to financial institutions and investigating agencies across the United States.

Be advised that fraudulent telemarketing suspects are sending counterfeit certified checks up to \$125,000. to people across the United States as a partial payment of a settlement in the Canadian Lottery. These checks appear to be genuine and are usually accepted for deposit by the victims' financial institution. During the clearing period, the victim is requested to make withdrawals or wire transfers in amounts of \$1,000 and up to \$80,000. against the sum deposited. In many cases, both the financial institution and the account owner are the victims.

Summary of Facts

The scheme starts when the victim fills out a sweepstake coupon for the Canadian lottery. The telemarketer using a fictitious name then calls the victim to advised her that she has won several thousands of dollars. The victim is then instructed to send an amount of money to cover the cost of Canadian taxes, administration fees, and/or other fees before the winnings can be released. The victim is then required to electronically wire the money (in most cases via Western Union) to a person in the Montreal area. In most cases an alias name is used by the pick up person. The amount of money requested is usually between \$1,500 and \$5,000. The victim never receives her winnings.

After several weeks, the victim receives a call at which time a person pretending to be an attorney informs the victim that she was included in a class action suit of a telemarketing scam out of Canada and that an amount

of money has been awarded to her in the settlement. The victim is then informed that she will receive a certified check to cover half of the total amount awarded. The following names have been used and are still being used as reference law firms by the telemarketers: Miller, Jameson, Mc Claren & Associates - Stewart, Murphy, Chase & Associates - Andrew, Clark & Associates etc. Since August 2000 they have also been using the names of Carlson, Bradley, Newman, Jones & Associates, or Newman, Jones & Associates.

Eventually the victim receives by mail a counterreit certified check with an explanation letter. The certified check is prepared on what appears to be a genuine Bank of Montreal check. The Bank of Montreal has confirmed that the checks are counterfeit and that the bank account appearing on the document is not a registered account with their institution. Secondly, the address appearing on the checks physically exist in the city of Montreal however, the law firm associated with this address does not exist. In addition, there is a telephone number that appears on the check for the Bank of Montreal. Our investigation confirms that these are usually active numbers belonging to cellular phones. We are having difficulty identifying the subscriber of these numbers due to the fact that the numbers are usually associated to a prepaid calling card and that the purchase of the prepaid card is normally done under a false name. It must be mentioned that when a call is placed to this number, the person answering the call identifies himself as an employee of the Bank of Montreal. At this time the confirmation is given to the caller that the certified check is genuine and that the funds are secured. When this occurs the employee of the financial institution in the U.S. making the inquiry receives some assurance and releases the funds to the client. We have also encountered cases where the financial institution does not call the number on the check and does not wait for the confirmation response from the Bank of Montreal. In these cases, we are assuming that the U.S. bank is relying on the "Good Will" of the client to advance the funds. In all of these cases, the U.S. bank eventually receives the actual confirmation from the Bank of Montreal informing them that the check is counterfeit. By this time the funds have already been transferred through the banking system and are non-recoverable.

We were advised during the course of our investigation, that in the United States financial Institutions can freeze funds for a period of up to 14 days in order to confirm that the funds are secured. We urge all banks to comply with this regulation otherwise you will expose your bank and your clients to substantial losses.

It has been reported that the telemarketers are relying on the fact that the

banks are not waiting for official confirmation before releasing a portion or all of the funds to commit their fraud. We suspect that they will continue to solicit people if resistance is not shown. To assist in this matter, the Bank of Montreal is making available a fax number (514) 877-1152 which will confirm to the enquiring bank the authenticity of the certified check within 24 hours. (We request that only checks which are similar to the copies attached be submitted for verification).

In our investigation we have noted that if the funds are released immediately by the bank, the telemarketer will send the client a second counterfeit check up to an amount of \$125,000. On this occasion they will request that a larger sum of money be withdrawn against the counterfeit check to cover the legal fees. This last step is in fact an electronic money transfer from the victim's account to a bank in the U.S., Canada or abroad. The F.B.I. has reported that this scam has surfaced in California, Ohlo and Maine. Their investigation further revealed that the wire transfers were done through the Chase Manhattan Bank in New York, Bank One in Chicago, a bank in Spaln and one in Germany. Project Colt have identified that the same suspect name kept surfacing in these complaints: "Alberto Jaime Ferez Khan". The money is further re-routed to a currency exchange office identified as: "Mise! Casa de Cambio". To this date, the location of this currency exchange office has not been identified.

Project Colt in cooperation with FDIC is sending this alert warming as a preventive measure to try and minimize losses that could escalate in the hundreds of millions of dollars for both the U.S. banks and U.S. citizens. Project Colt recommends that if you come across this type of scheme to make a report with your local law enforcement agency and have them send a copy to the R.C.M.P. Project Colt in Montreal directly or through your nearest office of the F.B.I.

Released on 1st November 2000 b

Constable Jean Lemay

Investigator, Project Celt

Approved by

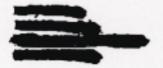
Sergeant Saverio Orlando N.C.O. Vc Project Colt

Montréal, Québec

CARLSON, BRADLEY, NEWMAN, JONES & ASSOCIATES

5000 Buchan St., Suite 304, Montreal, Quebec H4P-1T2 (888) 595-4260

July 21, 2000



Dear Peter,

Enclosed you will find your first payment for your compensation. The total amount for your settlement you will be receiving is \$2.50,000.00 US.

Once you have this first payment of \$125,000.00 US, please call us and let us know that it has safely arrived in your possession.

As soon as you contact us, we will make further arrangements to have the balance paid to you. This will be done once we have received payment for our services from you, and have completed all your forms for you.

Yours truly,

B. Carlson

BC/sm

CARLSON, BRADLEY, NEWMAN, JONES & ASSOCIATES

5000 Buchan St., Suite 304, Montreal, Quebec H4P-1T2 (888) 595-4260

July 21, 2000



Dear Dorothy.

Enclosed you will find your first payment for your compensation. The total amount for your settlement you will be receiving is \$125,000.00 US.

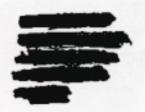
Once you have this first payment of \$80,000.00 US, please call us and let us know that it has safely arrived in your possession.

As soon as you contact us, we will make further arrangements to have the balance paid to you. This will be done once we have received payment for our services from you, and have completed all your forms for you.

Yours truly,

B. Carison

BC/sm



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CARLSON, BRADLEY, NEWMAN, JONES & ASSOC.

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CARLSON, BRADLEY, NEWMAN, JONES & ASSOC.

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21 JULy 20 00

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